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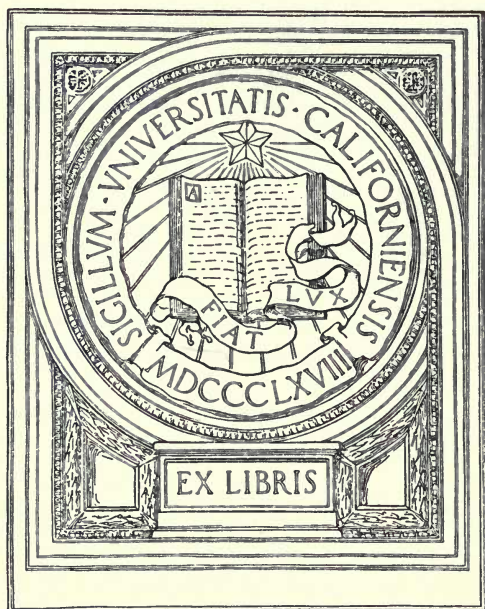
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# Stock and Bond Valuation of Public Utilities in California

C.S.T.



UNIV. OF  
CALIFORNIA

Issued by  
**THE STATE TAX COMMISSION**  
SACRAMENTO, CALIFORNIA  
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Condition	Control (%)	Alcohol (%)	Drug (%)
1	85	85	85
2	85	40	40
3	85	50	50
4	85	70	70

## PREFACE.

October 1, 1916.

We issue herewith the report recently made to this Commission by Prof. Carl C. Plehn on the stock and bond values of the properties of public utilities of California as of March, 1916, which properties are taxed on the basis of gross receipts. The final figures of values so established will form a basis to determine the rate of tax borne by public utilities on each one hundred dollars of value.

Prior to this the Commission opened up for public inspection and criticism appraisements made by it of representative parcels of general property in thirty-eight counties of the state. These appraisements will form a basis to determine the true value of property assessed for local purposes and, finally, the rate of tax borne by each one hundred dollars of value of said property.

At the conclusion of this investigation, it is obvious that a comparison of these rates will show the relative tax burden between public utility and general property.

In conformity with the policy we have heretofore pursued to obtain all the knowledge that publicity will give in these and other tax matters, we invite inspection and criticism of the stock and bond values set forth herein.

Very respectfully,

STATE TAX COMMISSION.





## STOCK AND BOND VALUATION OF PUBLIC UTILITIES.

By Prof. CARL C. PLEHN.

The "stock and bond" values of the properties of those public utilities which are taxed on the basis of their gross receipts, excepting a few small companies which could not be so valued, together with the taxes paid and the ratio of the taxes to those values, have been found to be as follows:

Companies	Value	Taxes	Ratio, per cent
Railroad companies -----	\$519,620,000	\$6,789,063 34	1.3065
Gas and electric companies-----	224,902,300	2,438,576 64	1.0838
Telephone and telegraph companies-----	60,714,250	848,790 92	1.3983
Express companies -----	4,272,000	83,954 28	1.9652
Car companies -----	11,665,000	151,295 02	1.2970
All classes -----	\$821,173,550	\$10,311,680 20	1.2556

### The meaning of a "stock and bond" valuation.

The values in the foregoing table were obtained, as stated, by the so-called stock and bond method. This consists in:

*First*, ascertaining the aggregate value of the property of each company by multiplying the number of shares of stock and the number of the bonds, issued and outstanding, by the market values of the different securities, as ascertained from quotations upon the stock exchanges, or from sales, or from offers to purchase the securities. When data concerning actual sales, or offers to purchase, were not obtainable the value of a given stock or bond was ascertained or fixed by capitalizing the dividends, or profits, which the stock was earning, or, in the cases of bonds, the interest being earned; or, more generally stated, by reference to the earnings of the company, due regard being had to the safety of the security as an investment.

As this process gives the value of all the holdings of the company, including nonoperative property otherwise taxed, investments and the like not covered by the taxes on the gross receipts, it was necessary:

*Second*, in order to arrive at the value of the property covered by the gross receipts tax, to deduct from the aggregate value of the securities, found: (1) the value of any nonoperative property, within the meaning of the tax law; (2) the value of any nontaxable property, or securities held; (3) the value of any intercorporate holdings representing property taxed otherwise; and (4) the value of property outside the state.



### Interstate properties.

In this investigation interstate properties have first been valued as a whole, covering that part outside as well as that part inside the state. Then, the nonoperative and other proper deductions having been made, the remainder has been divided between the state and outside in the same proportions as were the taxable gross receipts inside and the gross receipts outside of the state. Thus, for example, the value of the Southern Pacific system as a whole, less nonoperative property, was found to be \$577,600,000. Forty-four and three-tenths per cent of the total business of the system is done in California. Hence, the value of that company's property in California was taken to be 44.3 per cent of \$577,600,000, or \$255,876,000.

### The extent to which quotations were obtained.

In the case of all the large companies, and of many of those relatively small, actual quotations were obtained for all the more important issues of securities. Thus, out of the total of the values arrived at for the railroads, ninety-two per cent were based primarily on quotations. Similarly, for the gas and electric group, ninety-four per cent of the values are based primarily on quotations; and for the telephone and telegraph group ninety-two per cent.

### The sources of the quotations.

The quotations were obtained from the official reports of the San Francisco and Los Angeles stock exchanges, from sales published for each business day in the San Francisco journal known as *Finance and Trade* and from the weekly issues and monthly quotation supplements of the *New York Commercial and Financial Chronicle*.

### The averages.

The prices used were the averages for the fifteen months from January 1, 1915, to March 31, 1916. This period was chosen because the stock exchange in New York was closed for six months preceding December 15, 1914, on account of the war, and there were, therefore, only fifteen months consecutive quotations available prior to April 1, 1916, when this work was begun. Each month's quotations were averaged separately, and then the average of the fifteen monthly quotations was taken.\*

### Valuations by analogy.

In the case of the smaller issues of securities which were not quoted, but were issued by companies which had securities outstanding that

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\*A rough indication of the amount of work involved is afforded by the fact that about 30,000 quotations and over 25,000 sales were tabulated and averaged.



were quoted, it was possible to compute the price of the small issues by analogy. Thus, for example, the Pacific Gas and Electric Company, most of whose securities are quoted, has outstanding an issue of bonds, known as the Blue Lakes Water Company's six per cents, due in 1938, which are not quoted. It was found that other bonds of this company of similar seniority and security were quoted as selling on a five per cent basis. By a bond table it was found that a six per cent bond with twenty-two years to run would yield five per cent if bought at 113 per cent. Hence those bonds were set down as if quoted at 113 per cent.

### Capitalizing earnings.

In the case of a security which was not on the market, and whose value could not be ascertained by analogy, it was necessary to capitalize the earnings which belonged to that security. Thus, for example, a given company whose stock was not on the market was found to be earning, say, \$1,000,000 a year, over and above operating expenses. Of this million dollars, \$750,000 went to pay interest on the bonds and taxes, leaving \$250,000, which technically belonged to the stockholders. But out of this \$250,000 we find, perhaps, that, under orders of the Railroad Commission, \$100,000 must be set aside for depreciation, sinking funds, and other purposes deemed necessary to protect the bondholders and to ensure, to the public, good and continuous service. There would thus be only \$150,000 a year going to the stockholders outright, which they may use as they see fit. If this net income of \$150,000 is fairly safe and sure, we have assumed that it should be capitalized at eight per cent, which seems to be about what the Railroad Commission uses in its computations in similar cases, and what the market requires to keep such a security at par. For bonds, of course, the rate is lower. If the business of a company was hazardous, the earnings have been capitalized at higher rates, proportionate to the risk. But such cases were few in number.

While the foregoing assumptions as to the proper rate to use in capitalizing earnings are obviously debatable, they seem to be as reasonable as any, and it may be further pointed out that any error involved in the use of such assumptions would be so small in itself, and would affect so small a part of the total valuations, as to be negligible. The error, if there be one, would affect our ratios in the fourth decimal place only, even if it were as large in the first instance as twenty-five per cent.

### **Special reports on prices.**

In some cases the companies have reported private sales of stocks or of bonds not publicly quoted, and this information has been used to supplement our quotations. In other cases the companies have reported their estimates of what the securities should sell for. If these were sustained by the income they have been accepted.

### **Sources of information on company accounts.**

The data as to the amount of the stocks and bonds outstanding, and as to gross receipts, net earnings and the like, were taken from the reports required by law to be filed with the State Board of Equalization. To guard against possible errors, lack of uniformity and the like, these reports were checked by the reports published in Poor's Manual of Railroads and Manual of Public Utilities, and by the reports filed with the State Railroad Commission.

### **Values other than stock and bond values.**

In a relatively small number of cases resort was had to some other basis than a strict stock and bond value. Thus, for example, the Death Valley Railroad, built by a borax company primarily to reach its deposits, was taken at its book value, in view of the fact that it has been built under the general supervision of the Railroad Commission and there seemed to be every reason to believe that its book value corresponded closely to its true value. Again, in the case of the Western Pacific we accepted the finding of the court, which placed the aggregate value at \$18,000,000. We did not feel inclined to place our personal opinion in opposition to the decision of so august a tribunal. Moreover, it so happened, that a stock and bond value would give a result only a quarter of a million higher than that arrived at by the court.

### **Deductions for nonoperative property.**

The determination of the amount and value of the deductions for nonoperative and similar property or holdings presented special difficulties and each case had to be studied on its own merits. Many suggestions for general rules were submitted by tax agents, such as using a fixed multiple of the assessed values. But none of these suggestions were found to be feasible. In this part of the work, however, great assistance was obtained from the complete and detailed reports on file with the Railroad Commission. Special thanks are due to Messrs. Sinsheimer, Reynolds and White of that commission's staff for courtesies extended in this connection. The decisions of the Railroad Commission, its orders, investigations and valuations were constantly referred to and used in so far as they served to throw light upon our problems.



### **Bankrupt companies.**

Companies in the hands of receivers or undertaking refinancing presented, on the whole, less difficulties than were anticipated. The conditions of the investment market at the present time are such as to give a very fair indication of the value of such of the securities of companies in that condition as have any value at all. Only in one case, namely, that of the Ocean Shore Railroad, did the difficulties prove to be such that the valuation had to be given up.

### **Companies omitted.**

There are, of course, a number of small companies to which a stock and bond method of valuation will not apply. Some of these are not incorporated and are "companies" only in the technical sense in which the tax law defines companies. Others are operating as public utilities only incidentally, in connection with some other business more important to them. Thus, a mining company develops power for its own use and sells some for lighting purposes to a neighboring village. There are, also, a variety of other reasons why companies had to be omitted. The omission of these companies was necessary because their inclusion would have improperly disturbed the averages, slightly, perhaps, but to some extent, at least. Among the telephone companies in particular there are a large number of small companies for which no valuation was attempted. Many of these are farmers' mutuals, some utilizing wire fences as the means of communication. These depend upon assessments for the necessary expenses of upkeep and can have no commercial value in any proper sense.

### **Special cases. A. *United Railroads.***

There are a few special cases which need mention. Among these that of the United Railroads of San Francisco is the most important, on account of its size. This company presented special difficulties. In the first place, the control of the company's finances is very complex. It is controlled through two finance companies, which are in turn related to one another. One of these is the United Railways Investment Company of New Jersey, and the other is the California Railway and Power Company. These companies control the United Railroads of San Francisco through ownership of stock. But besides owning the stock of the United Railroads, each of these companies is the owner of the stock and securities of other companies. Some of these other companies own properties located in the East. Thus, the United Railways Investment Company owns properties located in Pitts-



burg, Penn., and the California Railway and Power Company owns the stock of two power companies in California, as well as its interests in the United Railroads. Quotations can be had of some of the stocks of each of the two financing companies, but no one can tell exactly how much of the value of those stocks is due to the interest they represent in the United Railroads, or whether, in fact, that interest is more a liability than an asset. To segregate out the values by an analysis of the two financing companies would involve the use of assumptions upon which it is hardly possible that any two persons would agree.\*

Another difficulty arises from the fact that the principal franchises under which the United Railroads uses the streets of San Francisco are soon to expire. The vital ones expire in from eleven to twelve years. It is impossible to foresee what will happen to the company at the end of that time. It may be that the city will renew the franchises; it may be that the United Railroads system will become a part of the municipal railway. These uncertainties are reflected in the market price of the bonds.

The outstanding bonds and notes of the United Railroads, for which a direct valuation by quotations can be had, were worth on the average for the fifteen months, in round numbers, \$25,250,000. The prices have varied greatly during the fifteen months. It is claimed that since the larger issues of bonds were selling early in July as low as \$30 on the hundred that the bonds at that figure represent all the value there is to this company's property. But on careful analysis the case does not appear to be so bad as this. There is an annual surplus available for dividends or betterments after paying all interest and taxes, including also the depreciation charge of \$550,000 per annum which the railroad commission has recently required. This surplus amounts to something like \$350,000. If, in view of the uncertainty of the life of the company, we capitalize this at the high rate of twelve per cent, it would be worth \$3,000,000. There is also the possibility of some salvage on cars and the like in case of the dissolution of the company. There is, further, some value in the minor franchises which have a longer time to run.

It appears that the United Railroads is practically certain to earn, over and above operating expenses, about \$3,000,000 a year for the next twelve years. The present value of \$3,000,000 a year for twelve years at six per cent is a little over \$25,000,000, or almost exactly the market value of the bonds. It seems clear, then, that this is the minimum value of the property. In fixing the value at \$29,700,000, we

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\*The foregoing statement was written before the announcement in the public press of the plans for reorganization, July 23, 1916.

have taken into consideration all the factors involved and while it is, in part, admittedly an estimate, it is believed that the result is as close to the present value as can be found.\*

### **Special cases. B. Large electric companies.**

All the large electric power companies, but notably the Great Western Power, the Pacific Gas and Electric Company, the Pacific Light and Power Company and the Southern California Edison, show relatively low ratios of taxes to values, and being so large are the main cause of the low ratio of taxes to value shown by that group. The reason for this seems to be that those companies are still, to a large extent, in the development stage and the market value of the securities is high for the *present earnings*. All of these companies have plants which have cost a lot of money, but which are not yet working to their full capacity. The investor evidently believes that the future of these companies is brilliant. This is the only explanation possible for the fact that the securities of these companies were selling on about a five and one-half per cent basis in the same markets in which one can buy good railroad bonds that will yield him from six to six and one-half per cent.

These electric companies show, also, a low expense ratio and consequently a high ratio of net to gross. This makes it possible to support more capital for each one hundred dollars of gross receipts than is the case with other classes of companies which have a higher expense ratio. It appears, however, that as companies of this sort grow older, utilize their plants more nearly to capacity, and as the plants grow older, this condition passes away. It may, therefore, probably be assumed with safety that the low ratio of taxes to value is a passing feature with these companies. As an example of the change which comes with time, it may be pointed out that the ratio of taxes to value for the Great Western Power was 0.2684 per cent in 1912 and in 1916 is found to be 1.0869 per cent.

### **The uniformity in the results.**

One striking feature of the results of this investigation, as compared with the similar investigation made under the auspices of the State Board of Equalization in 1912, is the greater uniformity in the ratios for the different companies in the same group. Thus the lowest tax ratio for railroads is 0.9205 per cent and the highest, if we except certain cases that are obviously anomalies, is 1.6937 per cent; the

\*Since this valuation was determined upon and reported to the State Tax Commission the reorganization committee of the United Railroads has arrived at a sound value for this property of \$29,500,000, indicating the extreme care exercised in the figures presented in this report. Undoubtedly the committee considered the reduced earnings of 1916 which data could not appreciably enter into the determination of value as of March, 1916.



difference between the highest and the lowest is about 0.7 per cent, while in 1912 the range was from 0.3417 per cent to 1.6588 per cent, the difference being 1.2 per cent. In the same way, the range for the gas and electric group is from 0.9731 per cent to 1.7148 per cent, a difference of 0.7 per cent, as against a range from 0.3089 per cent to 4.4112 per cent in 1912, with a difference of 4.1 per cent. The same thing is true of the telephone and telegraph companies, whose ratios show a range from 1.0250 per cent to 1.6758 per cent, a difference of 0.65 per cent, as against a range in 1912 from 0.6286 per cent to 2.5014 per cent, a difference of 1.9 per cent.

The reasons for the greater uniformity found seem to be two. First, we have the work and influence of the railroad commission in the direction of uniformity and accuracy of accounting. The accounts now show more nearly the true state of affairs than they did in 1912. The change is illustrated by Decision No. 2397 of that commission, in which exception was taken to the setting up of a "surplus" by the United Railroads of \$1,200,000 to take the place of like amount of stock canceled, despite the fact that the stock canceled had very little real value. Many such fictitious items, formerly carried under the theory that they were necessary in order to make the books balance, have been eliminated from the accounts by the railroad commission, and as a result it is more feasible to arrive at the true values behind the figures than it was in 1912.

Second, the state of the investment market is such that the investor is more cautious than he used to be and he demands a clear showing of sound values. He has, moreover, better opportunities than ever before, of getting information as to the facts that lie behind the glowing prospectuses sometimes published. It appears now that there was some "water" in the values of the companies as found by the quotations of the stocks in 1912.

### **Small versus large companies.**

In 1912 it appeared, generally speaking, that the gross receipts tax imposed a heavier burden on the small companies than on the large. If that were ever true, and it now seems more than likely that the showing was misleading, resulting from the causes just discussed, it is no longer true today.

### **The effect of the high interest rates.**

The rate of interest, that is, the cost of money, was higher during the fifteen months included than it was in 1912, and consequently one would expect to find the prices of securities lower. How much this has affected our figures it is not possible to say, because the underlying properties have changed also in the interval. A comparison of



some of these securities representing properties that have not changed much seems to show a drop in prices of from three to four per cent. Thus, for example, the stock of the Santa Fe was rated in the investigation of 1912 at 101, and in the present investigation shows an average price of 97.6. The aggregate value of the property of the Santa Fe in California has shrunk from \$88,900,000 in 1912 to \$80,500,000 in 1916, while that of the Southern Pacific has also fallen from \$289,900,000 to \$255,900,000. This shrinkage is not all due to the fall in the prices of the securities. It is due in part also to the diversion of traffic by the Panama canal, which, together with other causes such as the growth of population in the Rocky Mountain states, has lessened the proportion of the total business of these companies which is done in California. Thus, in 1912, 16.7 per cent of all the business of the Santa Fe was done in California, now it is only 15.6 per cent; while that of the Southern Pacific was 48.7 per cent Californian in 1912 and is now only 44.3 per cent.

#### **The inequalities in the tax rates.**

It was the intent of the legislature in 1915, when it last readjusted the rates of the gross receipts taxes, to impose on all classes of companies a tax that should be, as nearly as possible, equal to 1.25 per cent of the value of the property used. In so far as the stock and bond value is at all an indication of the values of the properties used, it would appear from the table at the beginning that this intent was realized on the average for all companies, but that in no one class was it exactly reached. By that standard the railroads are five one-hundredths of one per cent too high, the gas and electric companies are low, but that may be attributed to the special factors discussed above. The rates on the telephone and telegraph companies are higher than it was intended to make them by nearly fifteen one-hundredths of one per cent, those on the express companies very much higher still, namely, too high by nearly three-fourths of one per cent, and those on the car companies are the nearest to the intended tax.

#### **The heavy tax on express companies.**

With regard to the express companies, the reason why the tax ratio is so high is well known. Those companies are suffering from the competition of the parcels post and have not yet recovered from the reduction of their rates of service by the interstate commerce commission and the state railroad commission. The tax rate fixed before these causes had reduced the values of the stocks should now be readjusted to meet the new conditions.

## Street railway taxes.

With regard to groups within the main groups it is necessary to make a brief comment on the street and electric railways generally. These companies in California are at present laboring under difficulties. Not only has automobile competition destroyed the hopes of rapid growth of revenues that were once entertained, but many of them are laboring under a load of bond interest that is too great to carry. Since this condition has been publicly laid to the door of alleged excessive taxation, it is proper for us to comment on it. Thus the committee on the reorganization of the San Francisco-Oakland Terminal Railways (the Key Route system, with allied street railways) says in its circular:

*“Street railway companies in California must be relieved from the present excessive burden of taxation. These companies are required to pay to the state a direct tax amounting to 5½ per cent of gross earnings. This tax, however, does not relieve them from the obligations of their local franchises, which usually require a payment to the municipality issuing the franchise amounting to 2 per cent of the gross earnings, plus an obligation to do street paving which under existing standards, absorbs approximately 5 per cent of the gross earnings. \* \* \* This is a burden which a street railway company operating under a five cent fare, with universal transfers and paying present day rates of wages and prices for materials, cannot meet except possibly under unusual conditions which do not exist in this case.”*

In answer to this it may be pointed out that while some of the street railways do show a higher ratio of taxes to value than some of the other companies, the difference is not great enough to be destructive and is due to the fact that the stock and bond values are low on account of the financial difficulties of those companies, difficulties that originated in bad methods of finance. The statement is particularly unfair in that it adds to the taxes proper certain payments that are not taxes. The payments under the franchises are strictly rentals for the streets, public property leased to the companies, and the repairs are such as are commonly required from every tenant of leased property. But whatever the cause, the fact remains that every enterprise must pay taxes and should bear a burden as nearly as may be equal to that borne by the general run of taxpayers.

## The limitations of the stock and bond valuation.

The stock and bond method of valuing public utilities gives a result which has a definite and a single meaning, and which must be used within the limits of that meaning. It should not be taken to mean something different, nor something more or less than it does mean.



It expresses the value of the public utility as a unit and as a going concern, with reference, primarily, to its present earnings and to expected future earnings, and also to the character of its plant and of its management. It is the value as determined primarily by the investors who own its securities.

Other methods of valuation of public utilities will give different results, each of which has likewise its own peculiar significance. Other methods that have been used are based either on the capitalization of the net earnings or on some appraisalment of the physical and franchise properties.

### **The use of round numbers.**

The following tables set forth in detail the results of the investigation. It will be noted that the values are given in round numbers. The computations were carried out in detail down to the last dollar. But in tabulating the results the figures were taken to the nearest thousand, except in the case of very small companies where the dropping of the hundreds would have made a proportionately large difference in the result. It is held that to carry the hundreds, tens and units in estimates running into the millions lends only a specious appearance of accuracy to estimates that are not in their nature accurate in such detail. The use of round numbers does not, however, mean that the estimates were not made with all possible care.

### **Data on file.**

Copies of the original reports, all the quotations collected, all other data used, the correspondence with tax agents and with the companies, all the original tabulations and computations made in preparing this part of the report are on file in the office of the Tax Commission.



RAILROAD AND STREET RAILWAY COMPANIES.

*Stock and Bond Valuation of Properties in California and Ratio of Taxes There to.*  
(Excluding certain companies to which that method of valuation can not be applied.)

Company	Value	Tax	Ratio, per cent
Amador Central Railroad Co.....	\$392,000	\$4,596 00	1.1724
Arcata and Mad River Railroad Co.....	422,000	4,689 68	1.1113
Achison, Topeka and Santa Fe Ry. Co.....	80,547,000	1,015,395 14	1.2606
Bay Point and Clayton Railroad Co.....	150,000	1,661 34	1.1075
Boca and Loyalton Railroad Co.....	123,000	1,678 82	1.3648
Bucksport and Elk River Railroad Co.....	40,000	466 56	1.1414
California Street Cable Railroad Co.....	1,300,000	23,562 52	1.8097
California Western Railroad and Navigation Co. ....	1,103,000	12,734 52	1.1545
Camino, Placerville and Lake Tahoe Railroad Co. ....	45,000	483 32	1.0740
Cement, Tolenas and Tidewater Railroad Co. ....	256,000	3,223 56	1.2592
Central California Traction Co.....	1,105,000	14,661 78	1.3268
Death Valley Railroad Co.....	366,000	5,289 80	1.4453
Diamond and Caldor Railway Co.....	272,000	3,368 06	1.2382
Fresno Traction Co.....	808,000	11,960 38	1.4802
Holton Interurban Railway Co.....	200,000	3,357 20	1.6786
Lake Tahoe Railway and Transportation Co. ....	150,000	2,071 44	1.3810
Los Angeles and San Diego Beach Ry. Co....	375,000	4,085 50	1.0894
Los Angeles Railway Corporation.....	24,495,000	319,272 76	1.3045
McCloud River Railroad Co.....	1,200,000	15,473 12	1.2894
Monterey and Pacific Grove Railway Co....	97,000	1,721 22	1.7744
Mt. Tamalpais and Muir Woods Railroad Co. ....	258,000	9,363 08	*3.6291
Nevada, California and Oregon Railway Co. ....	1,336,000	17,386 80	1.3014
Nevada County Narrow Gauge Railroad Co. ....	450,000	7,369 08	1.6375
Nevada County Traction Co.....	120,000	1,426 30	1.1886
Northern Electric Railway Co.....	3,960,000	41,532 58	1.0488
Northwestern Pacific Railroad Co.....	17,367,000	209,081 96	1.2039
Oakland, Antioch and Eastern Railway Co....	1,800,000	31,558 70	1.7532
Pacific Coast Railway Co.....	808,000	10,656 02	1.3188
Pacific Electric Railway Co.....	35,800,000	461,310 50	1.2886
Pajaro Valley Consolidated Railroad Co....	550,000	5,177 84	0.9414
Peninsular Railway Co.....	1,600,000	15,033 22	0.9395
Petaluma and Santa Rosa Railway Co.....	720,000	8,507 22	1.1816
Quincy Western Railway Co.....	65,000	784 56	1.2070
Riverside, Rialto and Pacific Railroad Co....	212,000	3,590 72	1.6937
San Diego Electric Railway Co.....	4,400,000	54,536 78	1.2395
San Francisco, Napa and Calistoga Railway Co. ....	1,070,000	11,911 40	1.1132
San Francisco-Oakland Terminal Railways	18,085,000	242,372 86	1.3402
San Jose Railroads Co.....	1,560,000	17,664 86	1.1323
San Pedro, Los Angeles and Salt Lake Railroad Co. ....	13,290,000	190,175 22	1.4309
Santa Barbara Suburban Railway Co.....	310,000	4,095 52	1.3211
Santa Maria Valley Railroad Co.....	340,000	4,819 68	1.4175
Sierra Railway Co.....	1,490,000	17,021 24	1.1423
Southern Pacific Co.....	255,876,000	3,313,633 24	1.2950
South San Francisco Railroad and Power Co. ....	90,000	1,208 36	1.3426
Stockton Electric Railroad Co.....	875,000	10,732 40	1.2265
Stockton Terminal and Eastern Railroad Co. ....	100,000	1,035 82	1.0358

RAILROAD AND STREET RAILWAY COMPANIES—Continued.

Company	Value	Tax	Ratio. per cent
Sugar Pine Railway Co.....	\$300,000	\$2,761 48	0.9205
Sunset Railway Co.....	1,300,000	15,653 38	1.2041
Tidewater Southern Railway Co.....	330,000	4,377 78	1.3266
Tonopah and Tidewater Railroad Co.....	1,504,000	18,097 58	1.2033
Union Traction Co.....	250,000	3,196 98	1.2787
United Railroads of San Francisco.....	29,700,000	419,939 24	1.4139
Visalia Electric Railroad Co.....	300,000	4,507 87	1.5026
Western Pacific Railway Co.....	8,064,000	154,514 18	1.9161
Yosemite Valley Railroad Co.....	1,827,000	23,212 44	1.2705
Yreka Railroad Co.....	67,000	1,109 66	1.6562
Totals .....	\$519,620,000	\$6,789,063 34	1.3065

\*On account of the exposition the receipts of this road in 1915 were three times the average of the five preceding years. Normally the tax ratio is about 1.37 per cent.



**GAS AND ELECTRIC COMPANIES.**

*Stock and Bond Valuation of Properties in California and Ratio of Taxes Thereof.*  
(Excluding certain companies to which that method of valuation can not be applied.)

Company	Value	Tax	Ratio, per cent
Alta District Gas Co.....	\$26,800	\$362 66	1.3532
Alturas Electric Power Co.....	73,000	767 26	1.0510
Amador Electric Light and Power Co.....	137,000	1,851 92	1.3517
Bishop Light and Power Co.....	48,000	704 44	1.4675
California Natural Gas Co.....	1,005,000	12,427 14	1.2365
California Telephone and Light Co. (elec- tric division) .....	354,000	3,816 08	1.0780
Calistoga Electric Co.....	42,000	483 14	1.1503
Central California Gas Co.....	486,000	4,457 28	0.9171
Central Natural Gas Co.....	26,000	311 60	1.1984
Citrus Belt Gas Co.....	398,000	5,986 60	1.5041
Coachella Valley Ice and Electric Co. (electric division) .....	28,000	370 56	1.3234
Coast Counties Gas and Electric Co.....	1,690,000	17,598 66	1.0411
Coast Valleys Gas and Electric Co.....	870,000	10,655 24	1.2247
Corona Gas and Electric Light Co.....	96,000	1,279 44	1.3327
Economic Gas Co.....	570,000	9,433 08	1.6549
Fort Bragg Electric Co.....	100,000	1,460 06	1.4601
Fowler Gas Corporation.....	15,000	184 96	1.2330
Great Western Power Co.....	16,887,000	183,578 58	1.0869
Half Moon Bay Light and Power Co.....	66,000	824 72	1.2496
Hanford Gas and Power Co.....	77,000	1,298 96	1.6869
Hemet-San Jacinto Gas Co.....	45,000	590 26	1.1783
H. G. Lacey Co. (electric division).....	300,000	4,273 72	1.4244
Holton Power Co.....	675,000	10,114 94	1.4985
Imperial Valley Gas Co.....	190,000	2,218 34	1.1675
Lassen Electric Co.....	40,000	685 99	1.7148
Lompoc Light and Power Co.....	56,000	653 48	1.1669
Long Beach Consolidated Gas Co.....	950,000	12,757 20	1.3428
Los Angeles Gas and Electric Corporation	17,630,000	224,114 86	1.2355
Madera Gas Co.....	35,000	540 68	1.5448
Mendocino Electric Co.....	25,000	297 60	1.1904
Middle Yuba Hydroelectric Power Co.....	90,000	1,089 56	1.2106
Midland Counties Public Service Corpo- ration .....	800,000	10,187 40	1.2734
Midway Gas Co.....	1,500,000	21,897 94	1.4598
Modesto Gas, Light, Coal and Coke Co.....	162,000	2,201 20	1.3587
Mt. Konocti Light and Power Co.....	70,000	799 33	1.1419
Mt. Whitney Power and Electric Co.*.....	3,470,000	43,947 68	1.2665
Napa Valley Electric Co.....	96,000	1,366 28	1.4232
Needles Gas and Electric Co. (electric division) .....	131,000	1,764 95	1.2732
Northern California Power Co., Cons.....	3,700,000	37,301 50	1.0081
Oakdale Gas Co.....	50,000	572 12	1.1442
Oceanside Electric and Gas Co.....	27,000	372 92	1.3811
Ontario Power Co.....	465,000	5,261 38	1.1315
Ontario-Upland Gas Co.....	115,000	1,598 78	1.3902
Oro Electric Corporation.....	611,000	7,107 68	1.1633
Oro Water, Light and Power Co.....	200,000	3,420 38	1.7102
Pacific Gas and Electric Co.....	91,040,000	934,094 86	1.0265
Pacific Light and Power Corporation.....	15,650,000	154,370 40	0.9864
Palo Alto Gas Co.....	208,000	2,816 30	1.3532
Rialto Light, Power and Water Co.....	27,500	388 08	1.4112
Sacramento Gas Co.....	500,000	6,622 68	1.3245
San Diego Consolidated Gas and Electric Co. ....	6,717,000	80,762 56	1.2023

GAS AND ELECTRIC COMPANIES—Continued.

Company	Value	Tax	Ratio, per cent
San Joaquin Light and Power Co.†-----	\$7,862,000	\$91,691 96	1.1663
Santa Barbara Gas and Electric Co.-----	1,363,000	16,867 50	1.2375
Santa Maria Gas and Power Co.-----	189,000	2,473 44	1.3087
Sierra and San Francisco Power Co.-----	6,225,000	64,018 24	1.0284
Snow Mountain Water and Power Co.-----	600,000	7,068 20	1.1780
Southern California Edison Co.-----	25,174,000	248,295 00	0.9863
Southern California Gas Co.-----	3,250,000	46,307 22	1.4248
Southern Counties Gas Co. of California--	1,020,000	12,662 46	1.2414
Southern Sierras Power Co.‡-----	2,178,000	27,464 18	1.2610
Truckee Electric Light and Power Co.-----	45,000	534 78	1.1884
Tuolumne Transmission Co.-----	25,000	361 04	1.4441
Turlock Gas Co.-----	51,000	723 04	1.4177
Ukiah Gas Co.-----	45,000	515 48	1.1455
United Light, Fuel and Power Co.-----	220,000	2,744 14	1.2473
Universal Electric and Gas Co.-----	500,000	6,659 76	1.3319
Vallejo Electric Light and Power Co.-----	320,000	4,352 30	1.3601
Ventura County Power Co.-----	773,000	10,381 68	1.3430
Weaverville Electric Co.-----	22,000	250 58	1.1390
West Coast Gas Co.-----	120,000	1,447 50	1.2062
Western States Gas and Electric Co.-----	6,350,000	61,792 76	0.9731
Totals -----	\$224,902,300	\$2,438,576 64	1.0838

\*Includes Tulare County Power Company.

†Includes Bakersfield and Kern Electric Railway.

‡Includes California business of the Nevada-California Power Company.



TELEPHONE AND TELEGRAPH COMPANIES.

*Stock and Bond Valuation of Properties in California and Ratio of Taxes Thereof.*  
(Excluding certain companies to which that method of valuation can not be applied.)

Company	Value	Tax	Ratio, per cent
Calaveras Telephone Co.....	\$8,000	\$99 66	1.2457
California Telephone and Light Co. (tele- phone division) .....	220,000	2,255 18	1.0250
Central Telephone Co.....	15,000	180 04	1.2000
Cheteo Southern Telephone Co.....	5,000	72 78	1.4556
Coachella Valley Home Telephone and Telegraph Co. ....	10,000	135 20	1.3520
Colfax Telephone Exchange.....	7,700	86 40	1.1221
Colusa County Telephone Co.....	90,000	1,307 16	1.4524
Consolidated Utilities Co.....	58,400	718 36	1.2300
Corona Union Telephone and Telegraph Co.	58,000	666 46	1.1490
Del Norte Peoples Telephone Co.....	18,000	253 56	1.4086
Dos Palos Telephone Co.....	10,000	138 16	1.3816
Downey Home Telephone and Telegraph Co.	40,000	578 72	1.4468
Ducor-California Hot Springs Telephone and Telegraph Co.....	4,500	64 20	1.4266
Eel River and Southern Telephone Co.....	25,000	357 02	1.4280
Empire Telephone Co.....	3,000	42 12	1.4040
Fowler Independent Telephone Co.....	27,700	329 48	1.1894
Gilroy Telephone Co.....	33,700	393 80	1.1685
Glenn County Telephone Co. (The).....	50,000	633 30	1.2666
Guglielmetti Rural Telephone Co.....	6,000	69 36	1.1560
Happy Valley Telephone Co.....	2,400	31 12	1.2866
Herbert Bass Telephone Co.....	6,400	88 32	1.3800
Home Telephone and Telegraph Co. (Los Angeles) .....	5,943,000	90,340 28	1.5201
Home Telephone Company of Covina.....	151,000	1,755 10	1.1622
Home Telephone and Telegraph Company of Pasadena .....	1,025,000	12,998 10	1.2681
Home Telephone and Telegraph Company of Santa Barbara.....	428,000	5,116 70	1.1955
Imperial Telephone Co.....	167,000	2,798 66	1.6758
Interstate Telegraph Co.....	87,700	1,070 42	1.2199
Kernan Telephone Co.....	8,400	117 28	1.3961
Kern Mutual Telephone Co.....	170,000	2,333 18	1.3723
Lindsay Home Telephone and Telegraph Co. ....	25,000	354 94	1.4197
Los Gatos Telephone Co.....	42,000	585 72	1.3928
Lost Hills Telephone and Telegraph Co.....	11,000	129 12	1.1738
Mareconi Wireless Telegraph Company of America .....	25,800	328 88	1.2747
Monrovia Telephone and Telegraph Co.....	72,000	1,002 10	1.3918
Nevada, California and Oregon Telephone and Telegraph Co.....	82,000	1,005 18	1.2258
New Freeport Telephone and Telegraph Co.	72,000	1,011 36	1.4046
Northern Trinity Telephone and Telegraph Co. ....	2,000	24 94	1.2470
Ontario and Upland Telephone Co.....	140,000	1,818 90	1.2991
Oxnard Home Telephone Co.....	75,000	893 56	1.1914
The Pacific Telephone and Telegraph Co...	45,980,000	633,294 60	1.3767
Placer County Telephone Co.....	5,000	67 18	1.3434
Pomona Valley Telephone and Telegraph Union .....	200,000	3,192 86	1.5964
Redondo Home Telephone Co.....	26,000	321 94	1.2382
Reedley Telephone Co.....	22,000	337 74	1.5351
Riverside Home Telephone and Telegraph Co. ....	82,000	1,052 30	1.2833

**TELEPHONE AND TELEGRAPH COMPANIES—Continued.**

Company	Value	Tax	Ratio. per cent
Roseville Telephone Co.-----	\$29,500	\$398 20	1.3498
San Antonio Home Telephone Co.-----	3,450	47 40	1.3739
San Diego Home Telephone Co.-----	370,000	5,564 64	1.5039
San Fernando Telephone and Telegraph Co.-----	26,000	365 44	1.4055
San Fernando Valley Home Telephone Co.-----	59,000	720 92	1.2219
Santa Monica Bay Home Telephone Co.-----	166,500	2,212 22	1.3281
Santa Paula Home Telephone Co.-----	40,000	539 94	1.3498
Sierra Madre Telephone and Telegraph Co.-----	26,000	382 32	1.4704
The Siskiyou Telephone Co.-----	19,000	260 26	1.3684
Smeltzer Home Telephone and Telegraph Co.-----	21,000	236 94	1.1282
Southwestern Home Telephone Co.-----	300,000	3,583 16	1.1944
The Tulare Home Telephone and Tele- graph Co.-----	48,000	766 98	1.5978
Union Home Telephone and Telegraph Corporation -----	538,000	7,074 26	1.3149
United States Long Distance Telephone and Telegraph Co.-----	1,160,000	14,023 18	1.2089
Valley Telephone Co.-----	19,600	256 70	1.3097
The Western Union Telegraph Co.-----	2,212,000	39,904 60	1.8040
Whittier Home Telephone and Telegraph Co.-----	127,000	1,891 04	1.4890
Willits Telephone and Telegraph Co.-----	8,500	111 28	1.3091
Totals -----	\$60,714,250	\$848,790 92	1.3983

**EXPRESS COMPANIES.**

*Stock and Bond Valuation of Properties in California and Ratio of Taxes Thereto.*  
(Excluding certain companies to which that method of valuation can not be applied.)

Company	Value	Tax	Ratio. per cent
American Express Co.-----	\$132,000	\$3,012 84	2.2824
Wells Fargo & Co.-----	4,140,000	80,941 44	1.9550
Totals -----	\$4,272,000	\$83,954 28	1.9652

**CAR COMPANIES.**

*Stock and Bond Valuation of Properties in California and Ratio of Taxes Thereto.*  
(Excluding certain companies to which that method of valuation can not be applied.)

Company	Value	Tax	Ratio. per cent
Pacific Fruit Express-----	\$1,825,000	\$29,352 80	1.6090
Pullman Company -----	9,840,000	121,942 22	1.2392
Totals -----	\$11,665,000	\$151,295 02	1.2970











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